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Envestnet partners with Axos Clearing on managed account integration
By Rob Burgess
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Omaha, Nebraska-based Axos Clearing, a subsidiary of Axos Financial, has partnered with wealthtech platform Envestnet.

Envestnet's managed account features are now integrated into Axos Clearing's Axos Complete portal, providing hybrid firms and registered investment advisors access.

Molly Weiss, Envestnet's group president of wealth platforms, said her firm had been discussing plans for this integration with Axos for several months.

"The Axos leadership team has a deep appreciation for the Envestnet ecosystem of services that we provide to their target clients, so integration between our platforms makes a lot of sense in the marketplace," she said.

Envestnet's managed account technology seeks to enable Axos Clearing clients to streamline portfolio management and to automate routine tasks like rebalancing and reporting; it can also help them offer more investment options.

"Envestnet's strategy has always been open architecture to support many different firms and practice patterns," said Weiss. "The more robust our partnerships across the industry, the better we can serve all advisors."

David Crow, executive vice president and head of Axos Clearing, said with more in the industry looking to use managed accounts, "It's critical for us to be able to stay ahead of the curve and support clients and their investors where they are in their journey."

"The integration of managed accounts, capabilities and products with the clearing platform are going to serve and support creating efficiencies for firms, their advisors and ultimately a better experience to lead investors," he said. "We're looking to do it in a very consolidated way."

As the industry continues to move toward fee-based models and investors increasingly favor advisory relationships, Crow said the partnership will help ensure advisors are able to manage client relationships more effectively.

"Broker-dealers need to move towards having fee-based and advisory business within their offering," he said. "So you have to meet advisors and investors where they live. We think that at least for the foreseeable future, hybrid firms have great opportunities to differentiate themselves. … So we're hoping to continue to capture that trend, but we also are investing in the future on the hybrid front."

Crow said in the wider industry there is "a hearkening back to providing more capabilities within one portal."

"I have seen over the years, firms that [have been] buying technology capabilities from a multitude of partners, and then it's on them to fund the integration," he said. "And that's a heavy-duty lift for most firms, but certainly for mid- and smaller-sized firms. … We're trying to create efficiencies, leverage and scale for our clients. We're doing it in a way that's open architecture. But we do think that firms are looking at the ecosystems that they've built over the years, and they're wondering about whether or not they want to continue to fund the massive amounts of integration, with the energy that it takes."

In July, Envestnet agreed to be acquired by private equity firm Bain Capital in a planned $4.5 billion cash deal. The Berwyn, Pennsylvania-based firm serves 48 of the 50 largest wealth management and brokerage firms and roughly 109,000 advisors — all representing more than $6 trillion in platform assets.